Before the
Federal Communications Commission
Washington D.C. 20554

In the Matter of	)	
	)	
Telecommunications Relay Services and	)	CC Docket No. 03-123
Speech-to-Speech For Individuals with	)	
Hearing and Speech Disabilities	)	
	)	

COMMENTS OF ULTRATEC, INC. ON
NECA PROPOSED COMPENSATION RATES
FOR JULY 2007 THROUGH JUNE 2008

I. Introduction

Ultratec, Inc. (Ultratec) files these comments in response to the compensation rates proposed by the National Exchange Carriers Administration (NECA) for the funding year July 2007 through June 2008. Ultratec believes that it will be economically infeasible to provide Internet Protocol (IP) captioned telephone at the rates for IP relay that were recently proposed by NECA. Instead, Ultratec proposes that the Federal Communications Commission (FCC) develop a separate rate for IP captioned telephone services to ensure fair and reasonable compensation.

II. The Need for a Separate Rate

Ultratec first filed its petition seeking clarification of captioned telephone relay service as a telecommunications relay service (TRS) eligible for reimbursement on April 12, 2002. During the funding year that this petition was pending (July 2002 – June 2003), the traditional TRS rate was

nearly $1.53. Ultratec did not deem it necessary to request a separate rate for captioned telephone because this rate was sufficient to provide captioned telephone relay service. During this period, the IP relay rate was the same as the traditional TRS rate; it was not until the 2005-2006 funding year that NECA began separating the traditional TRS rate from the IP relay rate.

Recently, NECA submitted its payment formula to the FCC for the July 2007-2008 funding year.[1] In this document, NECA proposed several alternatives for next year's IP relay rate, each of which takes into account varying factors, including a weighting of the average projected provider costs; exclusion of outreach and marketing and certain specific provider costs; the use of an inflation factor, historical growth rates, and projected demand. The result of these various calculations is a range of proposed IP relay rates starting as low as $1.10 and reaching $1.28 per conversation minute. This rate is substantially below the captioned telephone relay rates being paid by the many states that have competitively bid for this service.[2] It is also well below the rate paid by the states for the original captioned telephone trials which started back in 2002. That rate had been $1.32 per session, equating to approximately $1.60 per conversation minute. Finally, it is substantially

[1] Payment Formula and Fund Size Estimate for the Interstate Telecommunications Relay Services Fund for the July 2007 through June 2008 Fund Year (May 1, 2007) (NECA Filing). The FCC invited comments on this NECA filing in a public notice released on May 2, 2006, DA 07-1978.
[2] There are now 44 states that provide captioned telephone relay service.

lower than NECA's proposed traditional TRS rates for the 2007-08 funding year (ranging from $1.56 to $1.87).

As noted above, the proposed IP relay rates also fall far below what would be reasonable compensation for IP captioned telephone relay service. This is because it costs more to provide captioned telephone relay service than it does to provide more traditional text-based relay service – whether PSTN or IP-based. There are a number of reasons for this:

Lower occupancy rate.

The occupancy rate is the amount of time that a communications assistant (CA) processes calls, as compared to the employee's available time. Captioned telephone CAs cannot maintain the same occupancy rates as text-based CAs because of the intensity of their captioning task. Traditional and IP relay CAs have substantial control over the pace of their calls. They can interrupt a speaker and ask for clarification, spelling, etc. Additionally, they can control the speed of their own speech and typing when reading responses or typing back to relay users. Indeed, it is not uncommon for these employees to tell the speaker to "slow down." With such controls, the fatigue factor for these CAs can be controlled and high occupancy figures can be attained.

The situation is different for captioned telephone CAs. Captioned telephone CAs have no control over the pace of the calls that they process. Their job is to transcribe the voice of the hearing person as the words are

spoken. They cannot ask any questions; nor can they slow down anything that takes place during a call. Rather, captioned telephone CAs are constantly pressed to keep up with the speaking person, often at rates of over 200 wpm. Because these CAs have no choice but to always maintain this very high speed, they experience much greater fatigue than do traditional TRS CAs.

When captioned telephone relay service first began being provided, occupancy rates were far below the occupancy rates for traditional TRS. Over time, it became possible to gradually increase these rates to approximately 75% of traditional TRS occupancy rates. However, when attempts were made to raise the captioned telephone relay occupancy rates much above this figure, the performance of the CAs began to break down. Their captioning became slower and more error prone. Many of these employees simply quit because of the fatigue they experienced.

Ultratec believes that the present occupancy rate for captioned telephone relay service is close to the long term sustainable occupancy level for this type of relay service. The difference between the occupancy levels for captioned telephone relay service and traditional TRS results in an increase in the labor costs for captioned telephone relay service of approximately 33%.

Need for high ratio of quality managers to CAs for intensive monitoring.

In order to ensure that high speed and accuracy requirements for captioned telephone relay service are consistently being met, the ratio of

quality management personnel to CAs is far higher than for traditional TRS. In a captioned telephone relay service, every day all CAs are rigorously monitored, scored, and re-trained if their speed or accuracy falls below 130 wpm and 98%. In addition, all CAs are separately tested at least monthly (and more often if they are experiencing problems), using computer scripted calls. This level of quality management adds approximately 8% to the cost of labor per captioned telephone minute.

Nascent service with low volume

Both traditional TRS and IP relay are well established services, with a combined fifteen years of experience, as many as 500,000 users, and many hundreds of millions of minutes of service over which to amortize their development, set-up and capital costs.[3] By comparison, captioned telephone relay service has been provided for only three years to an average of less than 1% of all users of TRS. As such, captioned telephone service has not been able to enjoy the same economies of scale as traditional TRS or IP relay. Additionally, captioned telephone remains a relatively new service, using state-of-the-art technologies, software, and hardware that cost more than those used for traditional TRS, with only a tiny fraction of the minutes of service over which to distribute those costs. The nascent nature of this high-

[3] Many of the current TRS centers actually started operations prior to the July 1993 FCC implementation date.

tech service, together with its low volumes, result in an increased cost per captioned telephone minute.[4]

In NECA's recent payment formula submission, the Fund Administrator has proposed TRS compensation rates for 2007-2008 that reflect a substantially increased cost per minute for traditional TRS (from $1.29 to between $1.56 and $1.87 per minute), due in part to the falling volumes of TRS traffic. This clearly demonstrates the sensitivity that the overall volume of relay traffic has on the per minute costs of relay services.

III. Captioned Telephone Relay Service is a Highly Efficient Relay Service

Captioned telephone relay service calls are very efficient, taking approximately half the time of TRS (VCO) calls with the same content. Even if the cost per minute were to be somewhat higher than for traditional TRS or IP relay, the overall cost per captioned telephone call will be substantially lower. The substantial reduction in time for calls made using a captioned telephone relay service also offers significant cost benefits to both parties to the call, in terms of each party's time saved and reductions in long distance and cellular costs.

IV. Conclusion

FCC rules require that the Fund Administrator's rate formulas "be designed to compensate TRS providers for reasonable costs of providing

[4] Increased volume could very well bring down these per minute costs in future years.

interstate TRS.[5] Unfortunately, none of the currently proposed IP relay rates are sufficient to provide reasonable compensation for IP captioned telephone. Because all IP captioned telephone traffic will be paid by NECA, the IP captioned telephone NECA rate must reflect the real costs to produce captioned telephone service, not the costs to produce a service that is wholly unrelated, such as IP relay.[6] This docket is replete with testimonies from hard of hearing consumers who are eagerly awaiting the start of an Internet version of captioned telephone relay service. In order to make this a reality, Ultratec urges the FCC to establish an IP captioned telephone rate that fairly compensates those who will be providing this service.

Respectfully submitted,

/s/
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[5] 47 C.F. R. §64.604 (c)(5)(iii)(E).

[6] It is for this reason that Ultratec requests that the FCC establish a separate rate for captioned telephone relay service, rather than blending together the costs of providing captioned telephone relay service into the overall traditional or IP relay rates. If the costs of providing captioned telephone were only 1 or 2 percent higher or lower than TRS or IP relay, then perhaps blending the costs of these various services might work. But as shown above, the per minute costs of providing captioned telephone relay service are materially higher than the costs of these other text-based relay services. Were these captioned telephone costs blended into the general rates for traditional TRS or IP relay, the result would be an inflated NECA interstate TRS or IP relay rate that would result in an unfair windfall for these services. At the same time, such a blended rate would represent an unfair penalty to captioned telephone providers who would not be adequately compensated for their service.

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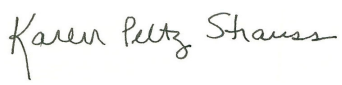

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